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FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC 3791
INFO RUEHBJ/AMEMBASSY BEIJING 0258
RUEHBO/AMEMBASSY BOGOTA 2112
RUEHBY/AMEMBASSY CANBERRA 0149
RUEHGT/AMEMBASSY GUATEMALA 0343
RUEHPE/AMEMBASSY LIMA 5715
RUEHMU/AMEMBASSY MANAGUA 0129
RUEHME/AMEMBASSY MEXICO 1242
RUEHZP/AMEMBASSY PANAMA 0330
RUEHQT/AMEMBASSY QUITO 1928
RUEHSJ/AMEMBASSY SAN JOSE 0892
RUEHSN/AMEMBASSY SAN SALVADOR 0284
RUEHUL/AMEMBASSY SEOUL 0197
RUEHTG/AMEMBASSY TEGUCIGALPA 0158
RUEHKO/AMEMBASSY TOKYO 0256

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SUBJECT: LATIN AMERICAN ARC OF PACIFIC COUNTRIES AFFIRM
ASIAN AFFINITY

REF: SANTIAGO 878

Summary

¶1. (U) The Fourth Ministerial of the Latin American Arc of the Pacific concluded October 3 with a reaffirmation that Arc countries should strengthen ties with Asian counterparts on the other side of the Pacific, so as to diversify opportunity and reduce risk "such as that represented by the current grave financial crisis." The "Declaration of Santiago" also welcomed further integration between Asian and Latin American economies. Arc countries will work to promote a common image in order to attract potential investment to the region. The Arc intends to institutionalize its work and will hold its next ministerial in Panama in March 2009. Arc Chiefs of State will also meet on the margins of the upcoming Ibero-American Summit in El Salvador. End summary.

¶2. (U) E/Pol Counselor met October 7 with Andres Rebolledo, Director of the MFA's Office for Bilateral Economic Affairs. for a readout on the October 2-3 Fourth Ministerial meeting of the Latin American Arc of Pacific countries. Rebolledo had offered the meeting the previous week after a meeting to preview the Ministerial's objectives (reftel).

The Arc's Asian Tint

¶3. (U) Rebolledo said the meetings had been largely successful in introducing the Arc to Asian partners and giving it the "tinto" (color) that was intended to underpin the Arc's raison d'etre. Ministerial participation (Foreign Ministers and Ministers of Trade/Commerce) from Arc countries had been at "sixty to seventy percent" and they had engaged in very useful discussions with Asian invitees (from Japan, China, Korea, and Australia). Perhaps the most important accomplishment had been agreement to promote Arc countries as a "single entity" that could attract foreign investment to Latin America and its 580 million inhabitants. To that end, the Arc had established a website (www.arcodelpacifico.org) which would be used to further regional integration and project a common image to Asian countries. Rebolledo

stressed that the Arc would coordinate closely with international financial and development organizations, such as the IDB and ECLAC, and draw on their expertise to further Arc goals.

14. (U) Rebolledo also listed as a key accomplishment a proposed meeting of the Arc's Heads of State in El Salvador, on the margins of the October 2008 Ibero-American Summit; this meeting would provide impetus to the Arc's institutionalization. The location and timing of the next Ministerials (Panama in March 2009 and Guatemala in early 2010) had also been agreed. Rebolledo emphasized that the Arc is intended to be an "open forum" for exchange of ideas.

15. (U) E/Pol Counselor asked about press reports that FM Foxley had claimed that Doha Round failings - "caused principally by the U.S. and Europe" - had led Arc countries to seek alternative trade mechanisms. Rebolledo said Foxley, whom he had been standing next to during his remarks to the press, had simply stated that Arc countries were joined in common interest to free trade and that (unnamed) countries "not interested" would be left behind. Rebolledo also denied press reports that the U.S. had asked for observer status (it had not) and been denied.

Comment

16. (SBU) Originally proposed by Peru, the Arc has been vigorously promoted by Chile, consistent with Foxley's view that Chile's future - at least commercially - lies with Asia. But careful to nod to President Bachelet's Latin American vocation, Foxley seems perfectly willing to bring along with him those Latin American countries who share his vision, even if it entails the establishment of another organization that duplicates some functions of existing groups such as APEC. Post will fax a copy of the Declaration of Santiago to WHA/BSC. End comment.
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